Officina Stellare

Sector: Technology

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Skyloom Europe JV: Strategic Growth Catalyst

Officina Stellare is the globally recognized Italian leader in designing and producing high-quality opto-mechanical instruments for aerospace, research, cybersecurity and defense clients.

Fair Value (€)	**16.70**
Market Price (€)	**10.80**
Market Cap. (€m)	**65.3**

1H24: Strong Momentum and Resilient (Adj.) Profitability

Officina Stellare reported 1H24 financials, with VoP reaching €11.4mn (up a robust 39% y/y), EBITDA at €2.4mn (-13% y/y), and Net Debt at €11.2mn (from €9.9mn at FY23). These numbers reaffirm OS's relentless commercial traction and continued investments in advanced technologies. Reported profitability dipped temporarily due to (i) accounting discrepancies in margin recognition between the parent company and subsidiaries, and (ii) an extraordinary grant of 1H23 not repeated in 1H24. Adjusted for these factors, we estimate a stable EBITDA margin y/y of around 28%-29%.

New JV to Transform European Optical Communication

In a strategic move, Officina Stellare and Skyloom Global Corp. signed a LOI to establish the "Skyloom Europe" JV for the realization of encrypted optical communication terminals for airborne and space applications. We strongly appreciate this move, representing a highly-synergic opportunity to address the burgeoning demand of the global European secure optical communication market. This strategic partnership further reinforce its role of critical partner for significant Aerospace and Defense projects globally.

Fine-Tuned Estimates: Top Line at €50mn by 2026E

Following 1H24 results, we have fine-tuned our FY24E estimates while reaffirming our outlook for 2025E and raising our 2026E targets. This is supported by the growing backlog (€50.2mn as of Sep' 30th) and the first contributions from the JV in 2026E, when we expect:

- Value of Production at €50.5mn, (39% $CAGR_{23A-26E}$);
- EBITDA at €16.7mn, with margins still in the 30%-35% region;
- Net Debt at €4.7mn, without M&A, dividends, nor warrant cash-in.

Fair Value at €16.70 p/s (from €16.10 p/s)

We have revised Officina Stellare's Fair Equity Value to €16.70 p/s (€16.60 fully diluted), maintaining a target market capitalization of approximately €100mn, which implies an upside of over 50%. The increase in fair value is supported by reaffirmed 2025E estimates, rerating of peers' multiples, and a positive outlook on the Skyloom Europe JV, which is not yet fully reflected in our estimates.

KEY FINANCIALS (€mn)	2023A	2024E	2025E
VALUE OF PRODUCTION	18.8	24.2	35.6
EBITDA	6.4	6.5	11.5
EBIT	3.5	3.4	7.7
NET PROFIT	2.1	1.6	4.5
EQUITY	16.6	18.9	24.4
NET FIN. POS.	-9.9	-9.9	-7.6
EPS ADJ. (€)	0.28	0.26	0.75
DPS (€)	0.00	0.00	0.00

Source: Officina Stellare (historical figures) Value Track (2024E-25E estimates)

KEY RATIOS	2023A	2024E	2025E
EBITDA MARGIN (%)	34.0	26.9	32.3
EBIT MARGIN (%)	18.8	13.9	21.6
NET DEBT / EBITDA (x)	1.5	1.5	0.7
NET DEBT / EQUITY (x)	0.6	0.5	0.3
EV/SALES (x)	3.9	3.1	2.0
EV/EBITDA (x)	11.6	11.5	6.3
EV/EBIT (x)	21.0	22.4	9.5
P/E ADJ. (x)	38.3	41.4	14.4

Source: Officina Stellare (historical figures) Value Track (2024E-25E estimates)

STOCK DATA	
MARKET PRICE (€)	10.80
SHS. OUT. (m)	6.0
MARKET CAP. (€m)	65.3
ENTERPRISE VALUE (€m)	75.2
FREE FLOAT (%)	22.6
AVG. -20D VOL. ('000)	2,825
RIC / BBG	OS.MI / OS IM
52 WK RANGE	8.10 – 11.60

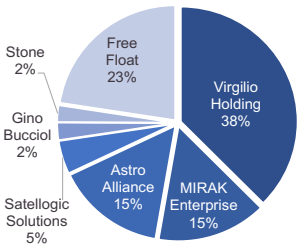
Source: Stock Market Data

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Business Description

Officina Stellare, based in Sarcedo, Italy, is an innovative SME listed on EGM and a leader in designing and producing integrated systems and solutions with a strong focus on electro-optical and opto-mechanical products for Aerospace (Earth Observation, LaserSatCom, Space Traffic Management), Scientific Research, Cybersecurity (Quantum Key Distribution) and Defense sectors. Renowned for its in-house expertise, the Group excels in combining high-level technical and scientific skills with operational flexibility and speed. Serving prestigious clients globally, such as research institutes, universities, space agencies, corporates and governments, OS is expanding its market presence in the most promising applications of the Space Economy thanks to its state-of-the-art "Space-Factory."

Shareholders Structure



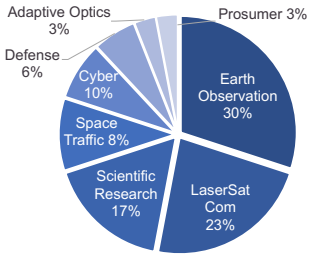
Source: Officina Stellare

Key Financials

Key Financials (IT GAAP, €mn)	2023A	2024E	2025E	2026E
Value of Production	**18.8**	**24.2**	**35.6**	**50.5**
y/y (%)	*43.8%*	*29.1%*	*47.0%*	*41.8%*
EBITDA	**6.4**	**6.5**	**11.5**	**16.7**
EBITDA Margin (%)	*34.0%*	*26.9%*	*32.3%*	*33.0%*
EBIT	**3.5**	**3.4**	**7.7**	**12.0**
EBIT Margin (%)	*18.8%*	*13.9%*	*21.6%*	*23.8%*
Net Profit	**2.1**	**1.6**	**4.5**	**7.1**
y/y (%)	*nm*	*-25.3%*	*nm*	*56.3%*
Adjusted Net Profit	**1.7**	**1.6**	**4.5**	**7.1**
y/y (%)	*nm*	*-5.5%*	*nm*	*56.3%*
Net Financial Position	**-9.9**	**-9.9**	**-7.6**	**-4.7**
Net Financial Position / EBITDA (x)	*1.5*	*1.5*	*0.7*	*0.3*
Capex	-5.0	-5.0	-7.0	-8.5
OpFCF b.t.	**-2.3**	**1.0**	**4.5**	**6.3**
OpFCF b.t. as % of EBITDA	*-35.3%*	*15.2%*	*38.9%*	*37.8%*

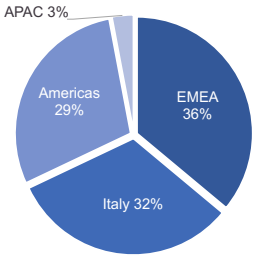
Source: Officina Stellare (historical figures), Value Track (estimates)

Top Line by Sector



Source: Officina Stellare, FY23

Top Line by Geographic Area



Source: Officina Stellare, FY23

Investment case

Strengths / Opportunities

- Exposure to the most promising applications of the Space Economy;
- First Italian Space Factory securing end-to-end in-house value chain;
- Enabling partner/supplier for market leaders;
- High-level technical-scientific engineering skills, high barrier to entry.

Weaknesses / Risks

- Capital and talent intensive business: skill-shortage is a concern;
- Space sector volatility (geopolitical; unknown tech developments);
- Dealing with entities significantly larger in size and power.

Stock Multiples @ €16.7 Fair Value

	2024E	2025E
EV / SALES (x)	4.6	3.0
EV / EBITDA (x)	17.0	9.4
EV / EBIT (x)	33.0	14.1
EV / CAP.EMP. (x)	3.8	3.4
OpFCF Yield (%)	0.9	4.1
P / E (x)	64.1	22.3
P / BV (x)	5.8	4.6
Div. Yield. (%)	0.0	0.0

Source: Value Track

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1H24 Financial Results

Key Figures & Messages

Officina Stellare's strong business momentum is reaffirmed by its 1H24 results, though profitability seems to have temporarily slowed, but largely due to accounting factors and a challenging comparison with 1H23. Indeed, 1H23 EBITDA was boosted by a one-time €0.4mn grant, which was absent in 1H24. Nevertheless, we view this as an extraordinary setback within an otherwise promising and profitable growth trajectory. More in detail, the key 1H24 financial metrics are as follows:

- **Value of Production** reached **€11.4mn**, up a robust 39% y/y vs. €8.2mn in 1H23;
- **EBITDA** stood at **€2.4mn**, down vs. €2.8mn in 1H23, though EBITDA margin remains > 20%;
- **Net Debt** increased to **€11.2mn** from €9.9mn at FY23, following €2.4mn in Capex.

Officina Stellare: Key Financials 1H22-1H24

(IT GAAP, €mn)	1H22	1H23	1H24	y/y
Value of Production	**6.0**	**8.2**	**11.4**	***39%***
EBITDA	**1.4**	**2.8**	**2.4**	***-13%***
EBITDA Margin (%)	*24.1%*	*34.1%*	*21.4%*	*-12.7ppt*
OpFCF (b.t.)	**0.7**	**0.6**	**-0.4**	***nm***
Net Financial Position	**-6.3**	**-9.9 (*)**	**-11.2**	***nm***

Source: Officina Stellare, Value Track Analysis, (*) FY23

The qualitative drivers behind this performance include:

1. **Relentless commercial traction** at both parent company and subsidiaries level;
2. **Accounting hiccups and accelerated hiring** causing temporary margin compression;
3. **Continuous investment needs to advance technologies** in LaserSatCom, QKD, EO.

Relentless commercial traction driving strong top line growth

Officina Stellare reported a 1H24 **Value of Production at €11.4mn** (+39% y/y), driven by increased orders capacity (notably PNRR Space projects and expansion in the photonic sector) and strong commercial traction at subsidiaries **ThinkQuantum** (Quantum Key Ditribution systems for the EuroQCI infrastructure) and **Dynamic Optics** (adaptive optics for LaserSatCom).

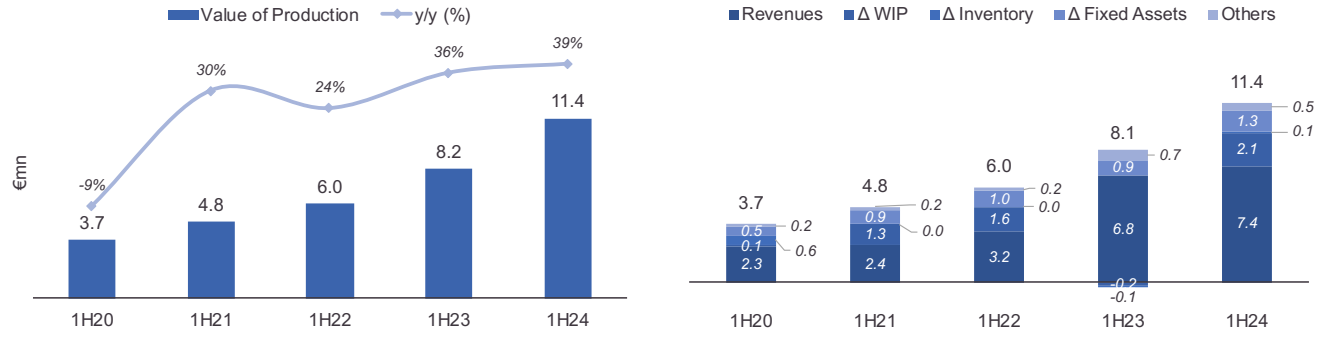
Officina Stellare: Value of Production 1H22-1H24

(IT GAAP, €mn)	1H22	1H23	1H24	y/y
Revenues from Sales	**3.2**	**6.8**	**7.4**	***9%***
Δ Work In Progress	1.6	-0.2	2.1	*nm*
Δ Inventory	0.0	-0.1	0.1	*nm*
Δ Fixed Assets	1.0	0.9	1.3	*40%*
Other Revenues	0.2	0.7	0.5	*-32%*
Value of Production	**6.0**	**8.2**	**11.4**	***39%***

Source: Officina Stellare, Value Track Analysis

Thanks to its innovative product offering and to the booming reference market, Officina Stellare top line has experienced a >3x jump from 1H20 to 1H24, difficult to compare with all the other companies listed on EGM, especially considering it was almost all organic growth.

Officina Stellare: Value of Production Evolution

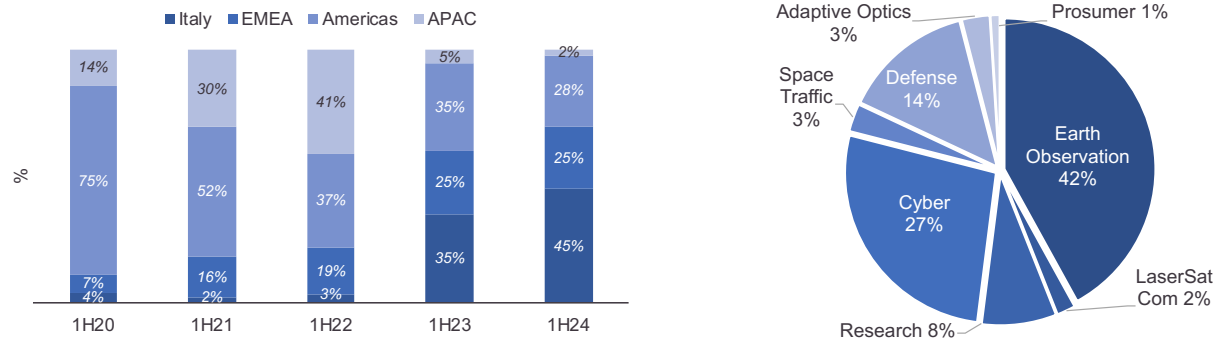


Source: Officina Stellare, Value Track Analysis

OS continues to vaunt a strong geographical diversification, with clients from all over the world being a critical driver of revenues growth. Due to the delivery of PNRR-related projects, starting from 1H23 OS witnessed an increased concentration of revenues in **Italy**, now contributing with 45% of the total.

OS diversification also entails clients' end-markets, as it is evident in the chart below. More in detail, 1H24 growth expansion was mainly driven by **Earth Observation** (42%), **Cybersecurity** (i.e., Quantum Communication, 27%), and **Defense** (14%).

Officina Stellare: Top Line Breakdown by Geographic Area and End-Market (1H24)



Source: Officina Stellare, Value Track Analysis

Accounting hiccups and accelerated hiring causing temporary margin compression

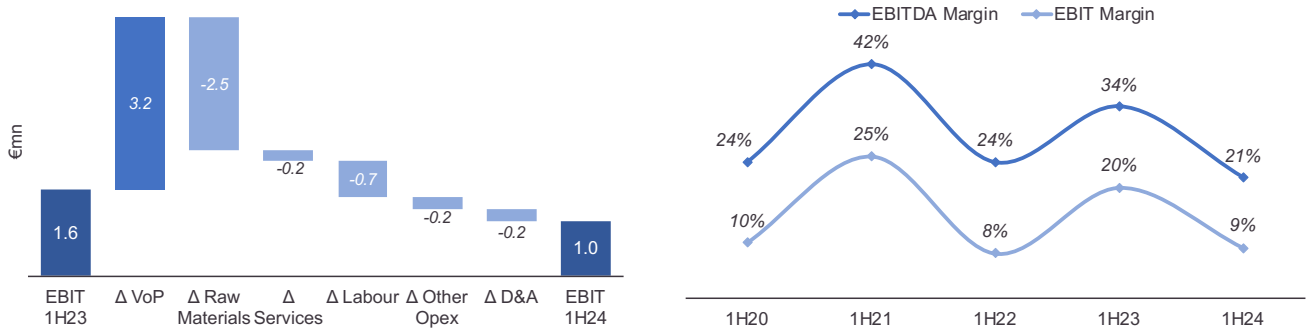
Despite the Space Factory's highly efficient vertical integration and scalability, Officina Stellare's profitability faced challenges in 1H24. **EBITDA** stood at **€2.4mn**, down 13% y/y, due to:

1. **Accounting mismatch** between the parent company and subsidiaries: Officina Stellare SPA uses the percentage-of-completion method, while Think Quantum and Dynamic Optics follow the completed-contract method, despite handling multi-year orders. This discrepancy, which excludes work-in-progress from the top line, is estimated to have impacted Group EBITDA by approximately €1.2mn;
2. **Extraordinary Grant** of 1H23 (worth some €0.4mn) not repeated in 1H24, complicating the y/y comparison;

3. **Accelerated hiring process** for high-profile talents (+41% FTEs y/y) in order to answer the industry's "skill shortage" and strengthen its already outstanding engineering team.

By adjusting 1H24 EBITDA for the accounting discrepancy and 1H23 for the one-off grant, we estimate a **stable EBITDA margin y/y** in the range of 28%-29%.

Officina Stellare: EBIT Bridge 1H23-1H24 and Profitability Evolution



Source: Officina Stellare, Value Track Analysis

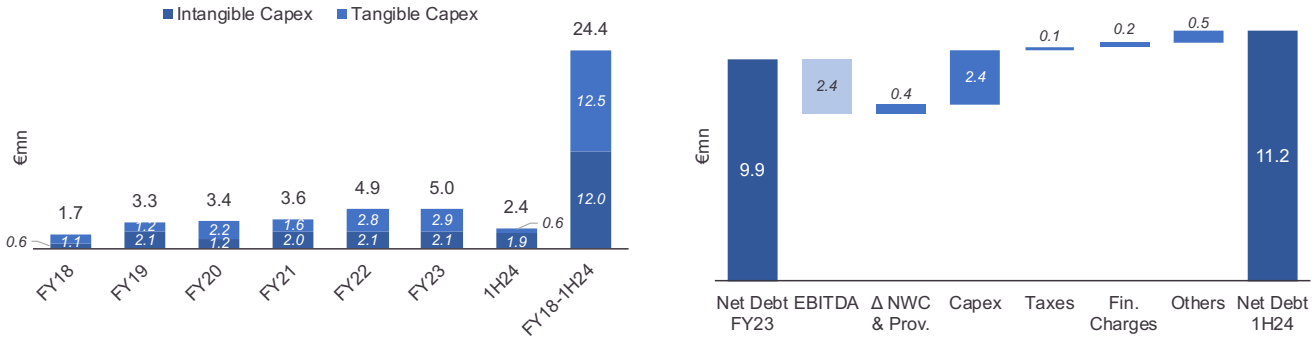
After €1.4mn D&A, **EBIT** totaled **€1.0mn**, down 37% y/y due to the same effects burdening the Group EBITDA. Flattish financial charges and taxes but higher minorities (positive bottom line contribution of both subsidiaries) imply a **Net Profit** compression of 65% y/y, down to **€0.4mn**.

Continuous investment requirements to advance cutting-edge technologies

As of June 2024, Officina Stellare's **Net Debt** stood at **€11.2mn**, vs. €9.9mn as of December 2023. This minor free cash flow erosion had to do with the lower operating profitability and with:

- **Capex** of **€2.4mn**, of which around 80% was R&D-focused to advance technologies in the most growing end-markets of OS. Indeed, investments are required for new, highly complex production, testing, and qualification equipment for both earth-based (Optical Ground Station for LaserSatCom and Quantum Key Distribution), and space-based (Earth Observation) applications.
- **Net Working Capital** absorption of just about €400k mainly related to the increase of work-in-progress inventory.

Officina Stellare: Capex Breakdown and Cash Flow1H24



Source: Officina Stellare, Value Track Analysis

Financial Statements 1H22-1H24

Officina Stellare: P&L 1H22-1H24

P&L (IT GAAP, €mn)	1H22	1H23	1H24	y/y
Value of Production	**6.0**	**8.2**	**11.4**	***39%***
Raw Materials (incl. Δ Inventory)	-1.9	-1.3	-3.8	*187%*
Costs of Services	-0.9	-2.0	-2.1	*10%*
Costs of Rent	0.0	-0.1	-0.1	*73%*
G&A	-0.1	-0.2	-0.3	*106%*
Labour Costs	-1.5	-1.9	-2.6	*36%*
EBITDA	**1.4**	**2.8**	**2.4**	***-13%***
EBITDA Margin (%)	*24.1%*	*34.1%*	*21.4%*	*-12.7ppt*
D&A	-1.0	-1.2	-1.4	*20%*
EBIT	**0.5**	**1.6**	**1.0**	***-37%***
EBIT Margin (%)	*7.9%*	*19.7%*	*8.9%*	*-10.8ppt*
Net Financial Charges	-0.1	-0.1	-0.2	*nm*
Taxes	-0.3	-0.3	-0.1	*-58%*
Minorities	0.0	0.0	-0.2	*nm*
Net Profit	**0.1**	**1.3**	**0.4**	***-65%***

Source: Officina Stellare, Value Track Analysis

Officina Stellare: Balance Sheet 1H23-1H24

Balance Sheet (IT GAAP, €mn)	1H23	FY23	1H24
Net Fixed Assets	14.7	16.1	17.3
Net Working Capital	8.2	11.3	11.7
Provisions	1.2	1.0	1.0
Total Capital Employed	**21.7**	**26.5**	**28.1**
Group Net Equity	**15.4**	**16.6**	**16.9**
Net Financial Position	**-6.3**	**-9.9**	**-11.2**

Source: Officina Stellare, Value Track Analysis

Officina Stellare: Cash Flow Statement 1H22-1H24

Cash Flow (IT GAAP, €mn)	1H22	1H23	1H24
EBITDA	1.4	2.8	2.4
Δ NWC (incl. Provisions)	1.7	-0.4	-0.4
Capex (excl. Fin. Investments)	-2.4	-1.9	-2.4
OpFCF (b.t.)	**0.7**	**0.6**	**-0.4**
As a % of EBITDA	*48.4%*	*20.4%*	*nm*
Cash Taxes	-0.3	-0.3	-0.1
Capital Injection	3.1	0.0	-0.3
Others (incl. Fin. Investments)	-0.1	0.0	-0.2
Net Financial Charges	0.0	-0.1	-0.2
Δ Net Financial Position	**3.4**	**0.1**	**-1.3**

Source: Officina Stellare, Value Track Analysis

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Business Development

In the latest few years OS has become a **critical partner** for significant Aerospace and Defense projects globally (e.g., Leonardo, Thales, Argotec) and secured a **dominant position** in PNRR space projects (e.g., IRIDE constellation). **Strategic acquisitions** (ThinkQuantum, Dynamic Optics) have broadened its technological footprint into niche and high growing segments. OS commercial success is now further underscored by a **robust backlog** (€50.2mn) and the newly set **JV with Skyloom**, set to transform the European optical communication market. To add on this solid base, Officina Stellare will focus on new (organic or M&A-/partnerships-enabled) **expansion opportunities**.

Commercial Development

Skyloom Europe: the new JV set to transform European Optical Communications

On October 8th, 2024, Officina Stellare and Skyloom Global Corp. announced the signing of a "LOI" for the establishment of the "**Skyloom Europe**" JV for the realization of optical communication terminals for advanced encryption techniques utilizing quantum coding for air-borne and space applications such as multi-orbit satellite network services.

Skyloom Global Corporation at a Glance

Skyloom Global Corporation is a leading **U.S. pioneer in multi-orbit space data transport and laser communication technologies**. The company has rapidly expanded its presence in space-based optical communication systems through strategic partnerships with major players like Honeywell and the U.S. Space Development Agency (SDA). Its high-capacity optical terminals enable real-time data transfer.

The Deal Rationale

This JV is a significant step in the Space Economy, aimed at transforming global telecommunication infrastructures. The **new high-throughput production plant in Italy**, near Officina Stellare's headquarters, will focus on European markets, strengthening the continent's supply chain. Transitioning from product-centric offerings to secure, high-performance telecommunications services, Skyloom Europe will be both a technological advancement and a strategic asset for Italy and the EU. The key rationale for the JV includes:

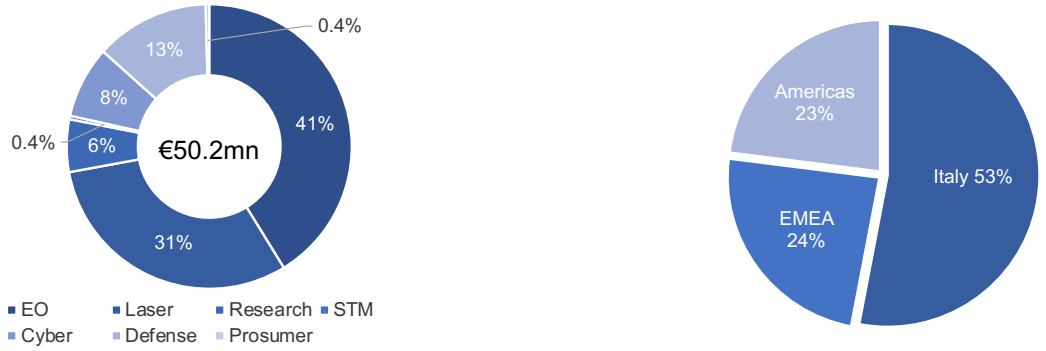
- **Leveraging mutual engineering and production synergies** to pioneer in-house R&D initiatives aimed at developing innovative products for secure optical communications (e.g., Quantum Communication free-space systems for space and airborne connectivity thanks to mature QKD technologies already available at OS);
- **Building on the successful track record and recognition of both companies**, that will mirror the business models and manufacturing facilities (Skyloom serves both the U.S. SDA and a diverse international clientele spanning both commercial and government sectors);
- **Addressing the burgeoning demand of the global market**, with an estimated 60,000 terminals needed by 2031, valued at €12bn (Euroconsult). This is driven by rising defense needs for secure communications and growing demand for sub-orbital communications for manned and unmanned aircraft. Additionally, recent supply chain issues at Mynaric (a German laser communications leader) present an opportunity for competitors to capitalize.

Backlog and Commercial Pipeline

As of end of September, Officina Stellare's **backlog** (orders already signed, to deliver up to 2026) totaled **€50.2mn**, o/w 41% from Earth Observation, 31% from LaserSatCom, 13% from Defense, 8% from Cybersecurity (mainly for the creation of the European Quantum Communication Infrastructure, "EuroQCI", program funded by the European Commission in partnership with ESA), and 6% from Scientific Research. We remind the key points of OS's commercial pipeline, being:

- Already signed / under definition contracts (including PNRR-related) in the most ambitious national programs of Earth Observation (IRIDE constellation), LaserSatCom and Quantum Key Distribution (Eagle-1, HydRON and SAGA from ESA, OPTIMA Program), working hand in hand with prestigious Italian aerospace companies (e.g., Leonardo, Thales, Argotec);
- Increasing backlog from Defense clients, becoming a qualified supplier of the US Army;
- Rising number of orders y/y and increasing average order value. Even more importantly, new orders are part of multi-annual programs that could entail new potential contracts, confirming OS as strategic supplier of primary international aerospace agencies and companies.

Officina Stellare: Backlog Breakdown by End-Market and Geographic Area



Source: Officina Stellare, Value Track Analysis

Here are the most important and recent commercial events of Officina Stellare. We remind that due to NDA agreements, OS is not entitled to communicate some of its contracts.

- **January 2023** – New, five-years supply contract with Photo-Sonics worth over €9mn for the delivery of new generation optical systems for the MITS ("Multispectral Imaging and Tracking System") project, promoted by the US Defence Department. Officina Stellare Corp. (US subsidiary) will play a key role;
- **January 2023** – Approval of the "MaC Tech" 36 months project from the Italian Ministry of Enterprises and Made in Italy, concerning financial reliefs of ca. €3mn after R&D of ca. €5.9mn dedicated to key enabling technologies in Quantum Communication and Earth Observation;
- **February 2023** – New, 30 months contract with Argotec worth ca. €3.3mn for the delivery of a series of payloads for the realization of "IRIDE", the Italian satellites constellation for Earth Observation (linked to PNRR funds, under ESA management);
- **March 2023** – OS signs two 14 months contracts worth €3.8mn with Leonardo for the realization of two high resolution optical systems for Earth Observation purposes of PLATiNO3 and PLATiNO4 missions of ASI;
- **March 2023** – New, 24 months order from the Gran Sasso Science Institute ("GSSI") worth €1.95mn for the delivery of the TERZINA optical system for the NUSES ("Neutrinos and Seismic Electromagnetic Signals") space mission;
- **June 2023** – OS signs a new 5 year agreement with Leonardo and Thales Alenia Space based on industrial collaboration and technological/commercial development, with the goal of

strengthening the Italian supply chain in the fields of optical and quantum communication, space awareness and intelligence;

- **July 2023** – OS signs a contract to become one of the new official incubators of the ESA Technology Transfer Program ("TTPO") of the European Spatial Agency, i.e. the largest incubation network for European space start-ups;
- **December 2023** – Second tranche, worth €2.7mn, of the five-years supply contract with Photo-Sonics for the delivery of new generation optical systems for the MITS ("Multispectral Imaging and Tracking System") project, promoted by the US Defense Department;
- **July 2024** – OS signs a 24 month contract with ESA worth ca. €3.5mn (of which €2.4mn to be recognized to OS Group) for the realization of C3PO, i.e. an Optical Ground Station equipped with Quantum Key Distribution protocols and photonic tools to test high-power LaserSatCom systems. The project is part of the ESA's GSTP program and includes both OS and its subsidiaries (ThinkQuantum and Dynamic Optics), as well as Work Microwave and Euroconsult;
- **October 2024** – OS signs a LOI with Skyloom Global Corp. USA to create the "Skyloom Europe" JV to realize optical communication terminals for advanced encryption techniques utilizing quantum coding (QKD) for air-borne and space applications such as multi-orbit satellite network services. "Skyloom Europe is set to revolutionize airborne and space connectivity across European civil and military sectors" (more details above in the report).

Growth Strategies

Over the next quarters Officina Stellare will continue to harvest the fruits brought by the internalization of the value chain, with the Space Factory running at full speed. Organic growth should still be significant, as should the contribution of the two subsidiaries, expected to grow faster than the historical core business. To add on this solid base, Officina Stellare will focus on new (**organic or M&A-/partnerships-enabled**) expansion opportunities in terms of:

1. **Client Base**, especially in the US defense industry (identified as the most important market at global level for all technologies at the core of OS business), with the American subsidiary (Officina Stellare Corporation) newly set commercial office (Washington DC) gaining more and more traction day after day;
2. **Product Range**, setting up a new ready-to-market line of products to answer customers' demand for all the most important business development sectors of the Space Economy. It will include: (i) space electro optical payloads for Earth Observation and Space Traffic Management; (ii) space terminals for LaserSatCom and space-based Quantum Key Distribution; (iii) complete optical ground systems for LaserSatCom, Laser Ranging, STM, Scientific Research and Defense; (iv) Cybersecurity solutions; (v) advanced engineering and manufacturing services.
3. **Capacity**. With ever-increasing orders intakes, OS is now forced to manage its growth, as the Group is already working at full capacity. We believe that coherent M&A opportunities will be deeply considered;
4. **Talent**. Lack of talent is probably the most challenging bottleneck not only for Officina but for the whole aerospace industry. Strategic M&A, academic and scientific cooperation could be pivotal to tackle this threat and allow technological transfer;
5. **Contiguous Markets**. OS will continue to act as technological accelerator/incubator of innovative start-ups active in cutting-edge, contiguous sectors of the Space Economy. Thanks to (i) the ESA Technology Transfer Program ("TTPO", with OS managing one of the few "BICs", or business incubator centers) and (ii) the support and technological know-how of many universities and research institutes, OS aims at replicating successful cases such as Dynamic Optics and ThinkQuantum, which would allow for a more comprehensive and value-added product and service offering.

Forecasts 2024E-26E

Estimates Revision

1H24 results presented a mixed performance: while revenue met expectations, reported profitability lagged. However, this shortfall was primarily due to accounting factors rather than operational issues. Consequently we opted for some fine-tuning of our FY24E estimates, though we confirm our 2025E outlook and raise our 2026E targets, factoring in the first contributions from the newly established Skyloom Europe JV. Key updates include:

- **Value of Production**: broadly in line with expectations for 2024E-25E, but with a revenue mix increasingly skewed towards ThinkQuantum and Dynamic Optics rather than the parent company. We expect a contribution from the JV starting in 2026E;
- **EBITDA** and **EBIT**: revised downwards for 2024E following a weaker-than-expected 1H. However, we expect a much stronger second half, potentially bolstered by the recognition of extraordinary grants. From 2025E, we forecast EBIT to grow at a slower pace than EBITDA, reflecting new depreciation and amortization linked to investments in the Skyloom Europe HQ;
- **Net Profit**: expected to be impacted by a higher contribution from subsidiaries, leading to more minority interests than previously forecast;
- **Net Financial Position**: we estimate approximately €5mn in investments for the JV's facility and equipment, spread between 2025E and 2026E.

Officina Stellare: New vs. Old Estimates

(IT GAAP, €mn)	2024E			2025E			2026E		
	Old	New	Δ	Old	New	Δ	Old	New	Δ
Value of Production	25.3	24.2	*-4%*	35.6	35.6	*0%*	45.8	50.5	*10%*
EBITDA	7.7	6.5	*-16%*	11.5	11.5	*0%*	15.1	16.7	*10%*
EBITDA Margin (%)	*30.5%*	*26.9%*	*-360bps*	*32.3%*	*32.3%*	*0bps*	*33.0%*	*33.0%*	*0bps*
EBIT	4.6	3.4	*-27%*	8.0	7.7	*-4%*	11.0	12.0	*9%*
EBIT Margin (%)	*18.3%*	*13.9%*	*-440bps*	*22.4%*	*21.6%*	*-80bps*	*24.1%*	*23.8%*	*-30bps*
Net Profit	2.5	1.6	*-38%*	4.8	4.5	*-5%*	6.4	7.1	*10%*
Net Financial Position	-8.7	-9.9	*-1.3*	-4.7	-7.6	*-2.9*	0.3	-4.7	*-5.0*

Source: Value Track Analysis

New Estimates 2024E-26E

Key Forecasts & Drivers

In our view, Officina Stellare should keep growing at high double digits rates, while also maintaining best-in class profitability and starting to generate significant operating free cash flow. Indeed, our estimates for **2026E** outline:

- **Value of Production at €50.5mn**, growing at a $CAGR_{23A-26E}$ of ca. 39%;
- **EBITDA at €16.7mn**, more than 2.5x vs. 2023, with margins still in the 30%-35% region;
- **OpFCF (before taxes) at €6.3mn**, i.e. 33% of EBITDA despite the Capex required for the JV;
- **Net Debt at €4.7mn**, considering no M&A, dividends, nor warrant cash-in.

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Officina Stellare: Key Financials 2023-2026E

Key Financials (IT GAAP, €mn)	2023	2024E	2025E	2026E	CAGR
Value of Production	**18.8**	**24.2**	**35.6**	**50.5**	***39%***
EBITDA	**6.4**	**6.5**	**11.5**	**16.7**	***38%***
EBITDA Margin (%)	*34.0%*	*26.9%*	*32.3%*	*33.0%*	*-100bps*
OpFCF (b.t.)	**-2.3**	**1.0**	**4.5**	**6.3**	***nm***
Net Financial Position	**-9.9**	**-9.9**	**-7.6**	**-4.7**	***nm***

Source: Officina Stellare, Value Track Analysis

Officina Stellare: Value of Production 2023-2026E

VoP (IT GAAP, €mn)	2023	2024E	2025E	2026E	CAGR
OS SPA (incl. OS Corp.)	16.2	18.9	28.3	40.0	*35%*
ThinkQuantum	1.8	4.0	5.5	7.8	*63%*
Dynamic Optics	0.7	1.3	1.8	2.7	*54%*
Value of Production	**18.8**	**24.2**	**35.6**	**50.5**	***39%***

Source: Officina Stellare, Value Track Analysis

Financial Statements 2023A-26E

Officina Stellare: P&L 2023-2026E

P&L (IT GAAP, €mn)	2023	2024E	2025E	2026E	CAGR
Value of Production	**18.8**	**24.2**	**35.6**	**50.5**	***39%***
Raw Materials (incl. Δ Inventory)	-4.0	-6.8	-8.4	-11.9	*44%*
Costs of Services	-3.9	-4.6	-5.9	-8.1	*27%*
Costs of Rent	-0.2	-0.3	-0.5	-0.6	*42%*
G&A	-0.3	-0.6	-0.5	-0.7	*34%*
Labour Costs	-4.0	-5.4	-8.9	-12.6	*47%*
EBITDA	**6.4**	**6.5**	**11.5**	**16.7**	***38%***
EBITDA Margin (%)	*34.0%*	*26.9%*	*32.3%*	*33.0%*	*-100bps*
D&A	-2.9	-3.2	-3.8	-4.7	*18%*
EBIT	**3.5**	**3.4**	**7.7**	**12.0**	***51%***
EBIT Margin (%)	*18.8%*	*13.9%*	*21.6%*	*23.8%*	*500bps*
Net Financial Charges	-0.3	-0.3	-0.3	-0.2	*-2%*
Taxes	-0.7	-0.7	-1.8	-3.2	*62%*
Minorities	-0.4	-0.8	-1.0	-1.5	*54%*
Net Profit	**2.1**	**1.6**	**4.5**	**7.1**	***50%***

Source: Officina Stellare, Value Track Analysis

Officina Stellare: Balance Sheet 2023-2026E

Balance Sheet (IT GAAP, €mn)	2023	2024E	2025E	2026E
Net Fixed Assets	16.1	18.0	21.1	25.0
Net Working Capital	11.3	12.0	12.4	14.7
Provisions	1.0	1.1	1.5	1.9
Total Capital Employed	**26.5**	**28.8**	**32.1**	**37.8**
Group Net Equity	**16.6**	**18.9**	**24.4**	**33.0**
Net Financial Position	**-9.9**	**-9.9**	**-7.6**	**-4.7**

Source: Officina Stellare, Value Track Analysis

Officina Stellare: Cash Flow Statement 2023-2026E

Cash Flow (IT GAAP, €mn)	2023	2024E	2025E	2026E
EBITDA	6.4	6.5	11.5	16.7
Δ NWC (incl. Provisions)	-3.8	-0.5	0.0	-1.9
Capex (excl. Fin. Investments)	-5.0	-5.0	-7.0	-8.5
OpFCF (b.t.)	**-2.3**	**1.0**	**4.5**	**6.3**
As a % of EBITDA	*nm*	*15.2%*	*38.9%*	*37.8%*
Cash Taxes	-0.7	-0.7	-1.8	-3.2
Capital Injection	0.0	0.0	0.0	0.0
Others (incl. Fin. Investments)	-0.2	0.0	0.0	0.0
Net Financial Charges	-0.2	-0.3	-0.3	-0.2
Δ Net Financial Position	**-3.4**	**0.0**	**2.3**	**2.9**

Source: Officina Stellare, Value Track Analysis

Valuation

Fair Equity Value at €16.70 p/s (€16.60 Fully Diluted)

We have updated Officina Stellare's **Fair Equity Value at €16.70 p/s** (from €16.10), maintaining our target market capitalization of approximately €100mn, which implies a potential upside of over 50% compared to the current stock price. The increase in fair value is supported by reaffirmed 2025E estimates (the key reference year for our valuation), rerating of peers' multiples, and a positive outlook on the Skyloom Europe JV, which is not yet fully reflected in our estimates.

We continue to emphasize that Officina Stellare possesses unique strengths that make the current trading discount versus comparables unjustified:

1. **Best-in-class financial profile**, with impressive growth, profitability, efficiency and free cash flow prospects (double digit yields on all metrics);
2. **Pivotal role in the Space Economy value chain,** as optical components are becoming crucial in almost all the Space Economy related applications.

Our fair value is based on a Sum of the Parts (SOTP) analysis, supplemented by two cross-check methods: a Rolling Valuation and an IRR analysis, both of which suggest significant longer-term potential.

Additionally, we believe there are substantial growth opportunities not yet reflected in our estimates, such as new strategic contracts, partnerships (similar to what the new Skyloom Europe JV represent), and potential M&A activities, which offer **further upside at no additional cost** to our current valuation.

At €16.70 per share, Officina Stellare would trade at **9.4x-6.3x EV/EBITDA for 2025E-26E**, still reflecting a roughly 20% discount compared to the average of its peers. However, beyond the multiples, we highlight the **strategic importance** of the company within the Space Economy value chain. We foresee international industry giants viewing a partnership with Officina Stellare as more attractive than developing similar capabilities or technologies in-house.

Please note that considering the fully diluted scenario (Satellogic converting all the remaining warrants in the 2025 exercise window at €15.40 p/s), OS fair value would amount to €16.60 p/s.

Officina Stellare: Multiples Sensitivity at Various Stock Price Levels

Fair Equity Value p/s (€)	EV/EBITDA (x)			EV/EBIT (x)			P/E Adj. (x)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
10.70	11.5	6.3	4.2	22.2	9.4	5.8	41.0	14.3	9.1
12.70	13.3	7.3	4.9	25.8	11.0	6.8	48.7	17.0	10.8
14.70	15.2	8.4	5.6	29.4	12.5	7.8	56.4	19.6	12.6
16.70	**17.0**	**9.4**	**6.3**	**33.0**	**14.1**	**8.8**	**64.1**	**22.3**	**14.3**
18.70	18.9	10.5	7.1	36.7	15.7	9.8	71.7	25.0	16.0
20.70	20.7	11.5	7.8	40.3	17.3	10.8	79.4	27.6	17.7
22.70	22.6	12.6	8.5	43.9	18.8	11.8	87.1	30.3	19.4

Source: Value Track Analysis

Sum of the Parts Valuation

Based on the following peers' analysis, we performed a Sum of the Parts ("SOTP") valuation considering Officina Stellare SPA, ThinkQuantum, and Dynamic Optics 2025E financials:

- **Officina Stellare SPA** valued accordingly to the total median EV/EBITDA multiple of 2025E, considering all the identified comparables and without applying any discount given the international status and recognition reached over the past few years;
- **ThinkQuantum and Dynamic Optics** valued accordingly to the Venture Capital Method (aka "Valuation at Maturity"), which implies the application of a "fair" multiple in a future year when these companies are expected to reach financially mature figures, and then discounting the outcomes to the to the present day with sufficiently high hurdle rates in order capture the perceived risk of the two businesses.

Officina Stellare: Peers Trading Multiples

Peers	EV/Sales (x)			EV/EBITDA (x)			EV/EBIT (x)			P/E Adj. (x)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Space Economy												
Average	4.9	3.4	2.9	16.6	14.0	9.7	26.3	20.4	12.7	38.3	27.1	20.0
Median	2.6	2.2	1.6	15.5	10.9	9.0	26.3	19.5	11.5	38.3	27.1	21.4
Precision Manufacturing												
Average	2.8	2.6	2.3	13.7	11.7	10.5	18.3	15.0	13.3	23.4	19.8	21.9
Median	3.1	2.8	2.5	14.5	12.0	10.8	18.6	15.0	13.7	23.0	19.8	20.6
Aerospace & Defense												
Average	1.8	1.6	1.5	12.5	11.0	10.0	16.4	14.0	12.6	23.2	18.8	16.7
Median	1.7	1.5	1.4	11.3	9.7	8.7	16.5	12.3	10.8	22.6	18.0	16.3
Domestic												
Average	0.9	0.8	0.7	9.2	7.4	6.2	10.0	12.7	10.2	19.2	16.4	14.1
Median	0.8	0.7	0.7	8.5	7.7	6.7	10.0	9.0	7.8	16.6	15.6	14.2
Total Average	**3.5**	**2.6**	**2.2**	**13.8**	**12.0**	**9.4**	**17.5**	**15.6**	**12.4**	**24.6**	**19.7**	**18.2**
Total Median	**2.1**	**2.0**	**1.5**	**13.3**	**10.4**	**8.8**	**18.3**	**16.0**	**11.5**	**23.0**	**18.8**	**17.1**
Officina Stellare	**3.1**	**2.0**	**1.4**	**11.5**	**6.3**	**4.2**	**22.4**	**9.5**	**5.8**	**41.4**	**14.4**	**9.2**
Discount vs. Total Median (%)	*47%*	*4%*	*-6%*	*-13%*	*-39%*	*-52%*	*22%*	*-41%*	*-49%*	*80%*	*-23%*	*-46%*

Source: Market Consensus, Value Track Analysis

Our Sum of the Parts valuation returns a Fair Equity Value of €16.70 p/s, obtained by:

- Applying peers' EV/EBITDA 2025E total median (10.4x) to **Officina Stellare SPA** EBITDA;
- Performing the Venture Capital Method on **ThinkQuantum** and **Dynamic Optics** subsidiaries. Given TQ more appealing growth path tied to the secular trend of quantum encryption, we applied a higher EV/Sales vs. DO. We considered the high execution risk of very early-stage businesses that still need to prove their scalability by applying a 25% discount rate to DO. On the other hand, given TQ significant market traction in recent months, we opted for an IRR of 15%.

Officina Stellare: Think Quantum and Dynamic Optics Valuation at Maturity in 2025E

Fair Enterprise Value (€mn)	Think Quantum	Dynamic Optics
Fair EV/Sales @ Maturity in 2025E (x)	5.0x	2.5x
Value of Production in 2025E	5.5	1.8
Fair EV @ Maturity in 2025E	**27.5**	**4.5**
Fair EV Value Today (discounted w/IRR @ 15% & 25%)	**3.2**	**3.4**
Officina Stellare Group Stake (%)	*50.5%*	*55.0%*
Fair Enterprise Value	**11.7**	**1.9**

Source: Value Track Analysis

OS full dilution would be the result of cashing in all the Satellogic warrants at the last exercise window in 2025, implying a potential capital injection of ca. €8.1mn and ca. 0.6mn new shares.

Officina Stellare: Sum of the Parts Valuation

Fair Equity Value (€mn)	OS	TQ	DO	GROUP	GROUP FD
Fair EV/Sales 2025E (x)		5.0	2.5		
Fair EV/EBITDA 2025E (x)	10.4				
Fair Enterprise Value (€mn)	**95.2**	**11.7**	**1.9**	**108.8**	**108.8**
As a % of Total	*8%*	*11%*	*2%*	*100%*	*100%*
Net Financial Position 2025E (€mn)				-7.6	0.5
Fair Equity Value				**101.1**	**109.2**
NOSH				6.0	6.6
Fair Equity Value p/s (€)				**16.7**	**16.6**

Source: Market Consensus, Value Track Analysis

Cross-Check #1: Rolling Valuation

We performed a rolling valuation, assuming three different scenarios:

1. **Target Multiple**, i.e. applying current peers' EV/EBITDA 2024E total median multiple (13.3x) to OS 2024E-25E financials, resulting in a potential rerating of the market price up to €12.90 p/s in 2024E and €23.34 p/s in 2025E;
2. **Current Multiple**, i.e. assuming OS to continue trading at 11.2x fully diluted EV/EBITDA also in 2025E, translating into €19.63 p/s in one year time (from current €10.80 p/s);

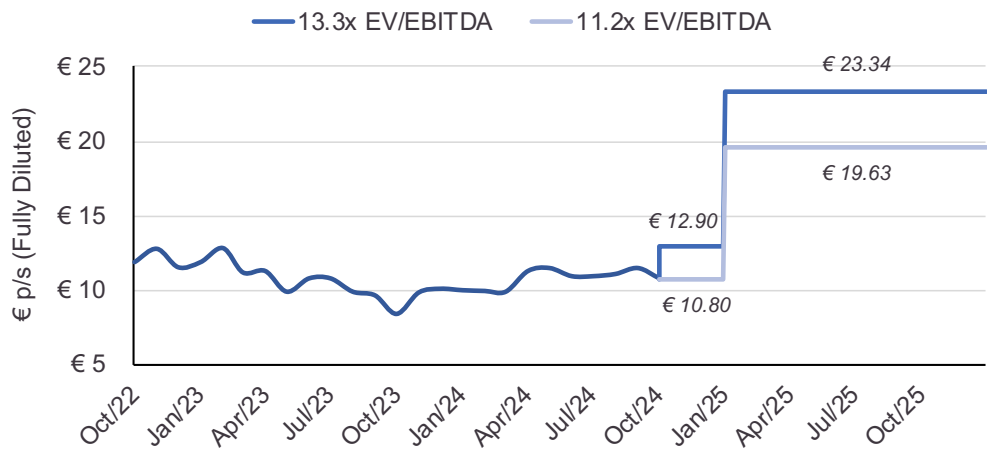
Officina Stellare: Rolling Valuation

Rolling Multiple Valuation (€)	Target Multiple		Current Multiple	
	2024E	2025E	2024E	2025E
Fair EV/EBITDA (x)	13.3	13.3	11.2	11.2
Fair Enterprise Value FD (€mn)	**86.6**	**152.9**	**72.8**	**128.5**
Net Financial Position FD (€mn)	-1.8	0.5	-1.8	0.5
Fair Equity Value FD(€mn)	**84.8**	**153.3**	**71.0**	**129.0**
NOSH FD (mn)	6.6	6.6	6.6	6.6
Fair Value p/s FD (€)	**12.90**	**23.34**	**10.80**	**19.63**

Source: Market Consensus, Value Track Analysis

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Officina Stellare: Rolling Valuation



Source: Market Consensus, Value Track Analysis

Cross-Check #2: IRR Analysis

Assuming that Officina Stellare would maintain its current 11.2x fully diluted EV/EBITDA 2024E multiple up to 2026E, its stock could go up to €28.85 p/s.

An investor entering OS share capital today at market price and exiting in 2026E at the same multiple would get exposure to an annualized IRR (gross of tax) of ca. 56% in a 2.2 year period.

Officina Stellare: IRR Valuation

IRR Valuation (€)	2026E
EBITDA (€mn)	16.7
Exit EV/EBITDA (x) on 31/12/2026	11.2
Fair Enterprise Value FD (€mn)	**186.2**
Net Financial Position FD (€mn)	3.3
Fair Equity Value FD	**189.6**
NOSH FD (mn)	6.6
Fair Equity Value p/s FD (€)	**28.85**
IRR Annualized (%)	***56%***

Source: Value Track Analysis

Officina Stellare: IRR Sensitivity Analysis

IRR Annualized (%)		Exit (Year)				
		2024E	2025E	2026E	2027E	2028E
Exit EV/EBITDA (x)	11.1	nm	87%	67%	50%	41%
	10.1	nm	75%	62%	46%	38%
	9.1	nm	63%	**56%**	42%	36%
	8.1	nm	51%	49%	38%	33%
	7.1	nm	39%	43%	34%	30%

Source: Value Track Analysis

Appendix

Officina Stellare: Peers Trading Multiples

Peers	EV/Sales (x)			EV/EBITDA (x)			EV/EBIT (x)			P/E Adj. (x)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Space Economy												
Electro Optic Systems	1.3	1.0	0.9	28.1	10.6	9.0	nm	17.8	11.4	nm	nm	21.4
MDA Space	2.6	1.9	1.6	13.3	9.8	7.7	27.8	16.5	11.6	40.6	22.4	14.6
Redwire Corporation	1.6	1.4	1.2	nm	17.8	10.7	nm	nm	nm	nm	nm	nm
Rocket Lab USA	11.5	8.4	5.6	nm	nm	nm	nm	nm	nm	nm	nm	nm
Planet Labs	1.9	1.7	1.3	nm	29.7	8.8	nm	nm	nm	nm	nm	nm
BlackSky Technology	2.6	2.2	1.1	21.9	9.9	3.2	nm	nm	nm	nm	nm	nm
Spire Global	2.4	2.0	1.9	nm	11.2	7.2	nm	26.1	10.4	nm	nm	nm
Terran Orbital	2.0	2.2	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Mynaric	8.8	2.6	1.4	nm	nm	nm	nm	nm	nm	nm	nm	nm
Arqit Quantum	11.9	3.2	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Eutelsat Communications	3.6	3.4	nm	6.5	6.0	nm	nm	nm	nm	nm	nm	nm
EchoStar Corporation	1.8	1.9	1.9	15.5	15.6	13.5	nm	nm	nm	nm	nm	nm
Globalstar	10.8	10.1	9.7	20.0	18.9	17.6	nm	nm	nm	nm	nm	nm
Iridum Communications	6.2	6.1	5.8	10.9	10.2	9.6	24.8	21.3	17.5	35.9	31.7	23.9
Median	**2.6**	**2.2**	**1.6**	**15.5**	**10.9**	**9.0**	**26.3**	**19.5**	**11.5**	**38.3**	**27.1**	**21.4**
Precision Manufacturing												
Vaisala	3.0	2.8	2.6	16.7	14.9	13.4	21.8	18.8	16.4	29.7	25.6	22.5
Renishaw	3.3	3.0	2.8	14.6	12.5	11.7	18.3	15.5	14.5	23.0	19.8	18.7
Coherent Corporation	3.2	2.8	2.5	14.4	11.4	9.9	18.9	14.5	12.9	nm	nm	33.9
Jenoptik	1.8	1.6	1.5	9.3	7.8	6.8	14.1	11.2	9.7	17.6	14.1	12.4
Median	**3.1**	**2.8**	**2.5**	**14.5**	**12.0**	**10.8**	**18.6**	**15.0**	**13.7**	**23.0**	**19.8**	**20.6**
Aerospace & Defense												
Airbus	1.3	1.1	1.0	11.3	8.5	6.9	16.5	11.4	9.1	24.8	17.7	15.3
Hensoldt	1.7	1.5	1.3	9.8	8.2	6.8	13.2	10.8	8.9	27.6	18.8	14.3
Thales	1.7	1.5	1.4	11.1	9.7	8.7	14.3	12.3	10.8	21.8	18.0	16.3
Northrop Grumman	2.0	1.9	1.8	14.3	13.3	12.9	18.8	17.5	16.8	19.0	17.8	17.1
Lockheed Martin	2.2	2.2	2.1	16.3	15.5	14.8	19.1	18.2	17.4	22.6	21.5	20.7
Median	**1.7**	**1.5**	**1.4**	**11.3**	**9.7**	**8.7**	**16.5**	**12.3**	**10.8**	**22.6**	**18.0**	**16.3**
Domestic												
Leonardo	0.8	0.7	0.7	6.7	5.7	4.9	9.9	8.0	6.8	13.6	12.5	11.0
El.En	1.2	1.0	0.9	8.5	7.7	6.7	10.2	9.0	7.8	16.6	15.6	14.2
Avio	0.8	0.7	0.6	12.4	8.9	7.1	nm	21.2	16.2	27.3	21.0	17.1
Median	**0.8**	**0.7**	**0.7**	**8.5**	**7.7**	**6.7**	**10.0**	**9.0**	**7.8**	**16.6**	**15.6**	**14.2**
Total Average	**3.5**	**2.6**	**2.2**	**13.8**	**12.0**	**9.4**	**17.5**	**15.6**	**12.4**	**24.6**	**19.7**	**18.2**
Total Median	**2.1**	**2.0**	**1.5**	**13.3**	**10.4**	**8.8**	**18.3**	**16.0**	**11.5**	**23.0**	**18.8**	**17.1**
Officina Stellare	**3.1**	**2.0**	**1.4**	**11.5**	**6.3**	**4.2**	**22.4**	**9.5**	**5.8**	**41.4**	**14.4**	**9.2**

Source: Market Consensus, Value Track Analysis

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